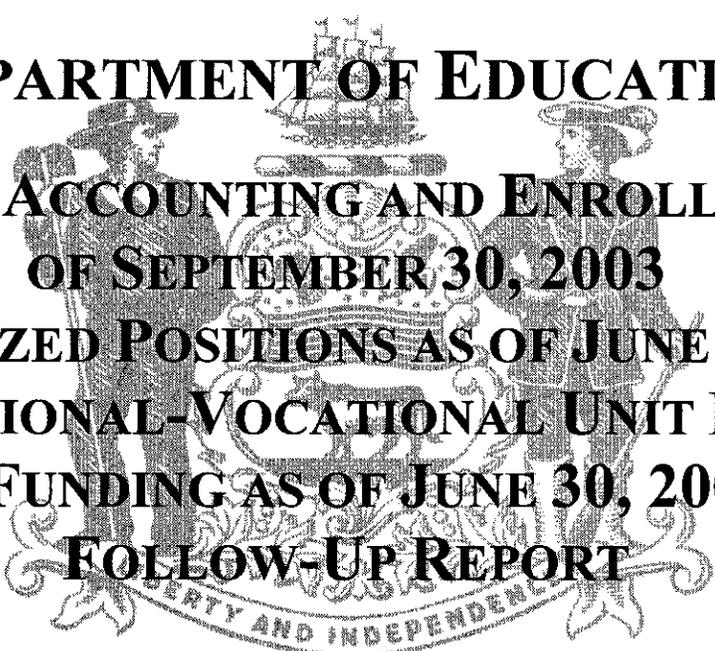


**STATE OF DELAWARE**  
**OFFICE OF**  
**AUDITOR OF ACCOUNTS**

**DEPARTMENT OF EDUCATION**  
**STUDENT ACCOUNTING AND ENROLLMENT AS**  
**OF SEPTEMBER 30, 2003**  
**AUTHORIZED POSITIONS AS OF JUNE 30, 2003**  
**OCCUPATIONAL-VOCATIONAL UNIT DIVISION**  
**II FUNDING AS OF JUNE 30, 2003**  
**FOLLOW-UP REPORT**  
**AS OF JUNE 23, 2005**

The seal of the State of Delaware is centered behind the text. It features two figures, a man and a woman, standing on either side of a shield. Above the shield is a crest with a ship. Below the shield is a banner with the words "LIBERTY AND INDEPENDENCE".

**R. THOMAS WAGNER, JR., CGFM, CFE**  
**AUDITOR OF ACCOUNTS**

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# Executive Summary

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The Office of Auditor of Accounts (AOA) completed a follow-up engagement to determine if recommendations were implemented for the following reports:

Report Name	Issue Date	School Districts and Charter Schools with Findings
Student Accounting and Enrollment as of September 30, 2003	September 8, 2004	Academy of Dover Appoquinimink Campus Community Caesar Rodney Colonial Indian River Laurel Red Clay
Authorized Positions for the period June 1, 2002 through June 30, 2003	July 19, 2004	Brandywine Milford
Occupational-Vocational Unit Division II Funding for the period June 1, 2002 through June 30, 2003	May 11, 2004	Delmar Sussex Technical

The results of the follow-up engagement are summarized below:

*Student Accounting and Enrollment as of September 30, 2003:*

**Policies and Procedures:**

- AOA recommended that Academy of Dover and Campus Community Charter Schools, and Indian River, Laurel, Caesar Rodney, Appoquinimink, and Red Clay Consolidated School Districts develop, implement, and/or improve policies and procedures related to Student Accounting and Enrollment. Indian River, Laurel, and Caesar Rodney implemented the recommendation and now have sufficient policies and procedures. Academy of Dover, Campus Community, Appoquinimink and Red Clay partially implemented the recommendation and were provided with suggestions for improvements.

**Regular Student Count:**

- AOA recommended that Campus Community Charter School and Laurel, Appoquinimink, Indian River, Colonial, and Red Clay Consolidated School Districts revise enrollment records to remove disallowed students and/or repay funding to the State of Delaware for any loss of units. Laurel and Colonial implemented the recommendation and revised enrollment records and repaid the State of Delaware, as necessary. Appoquinimink partially implemented the recommendation by initiating repayment to the State of Delaware. The recommendations for Campus Community, Indian River and Red

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# Executive Summary

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Clay were withdrawn as the Department of Education (DOE) does not require submission of revised enrollment figures.

## Special Education Student Count:

- AOA recommended that Appoquinimink, Indian River, and Red Clay Consolidated School Districts revise enrollment records to remove disallowed students and/or repay funding to the State of Delaware for any loss of units. Red Clay implemented the recommendation by repaying the State of Delaware. Indian River School District partially implemented the recommendation by repaying Division II & III funding to the State. The recommendation for Appoquinimink was withdrawn as the DOE does not require submission of revised enrollment figures.

## Vocational-Technical Education Program:

- AOA recommended that Colonial, Laurel, Caesar Rodney, Appoquinimink, and Indian River School Districts comply with DOE directives for administering the Vocational-Technical Education Programs. Colonial, Laurel, and Caesar Rodney implemented the recommendations and have complied with DOE directives. Appoquinimink and Indian River partially implemented the recommendations by initiating repayment to DOE for disallowed students and partially complying with DOE directives.

## *Authorized Positions for the Period July 1, 2002 through June 30, 2003:*

### Paid Versus Authorized Positions:

- AOA recommended that Milford School District and the DOE meet to agree whether a repayment is necessary due to the District's over-filling and under-filling of certain secretarial positions. Milford implemented the recommendation and DOE agreed with the District interpretation of Delaware Code.

### Payroll Review:

- AOA recommended that Brandywine School District repay the State of Delaware for overpayment of two teachers' salaries. The District implemented the recommendation.

## *Occupational-Vocational Unit Division II Funding for the Period July 1, 2002 through June 30, 2003:*

### Line Item Accounts:

- AOA recommended that Delmar School District establish an internal system to properly account for occupational-vocational unit Division II funding allocated to each school. The District partially implemented the recommendation by using DFMS to track the funds, but were provided with suggestions for improved tracking methods.

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# Executive Summary

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## Allocation to Schools:

- AOA recommended that Delmar and Woodbridge School Districts properly allocate Division II funds and/or reimburse funding that was overspent. Woodbridge implemented the recommendation and reimbursed the high school for funds overspent by the middle school. Delmar partially implemented the recommendation by using a percentage to allocate funding; we recommended the District allocate funding as calculated by DOE.

## Expenditure Documents:

- AOA recommended that Sussex Technical and Delmar School Districts properly code vocational program expenditures to the correct appropriations. Both Districts implemented the recommendation.

## Inventory:

- AOA recommended that Delmar and Woodbridge School Districts establish and implement or strengthen inventory control procedures to ensure that all assets purchased are properly accounted for. Both Districts partially implemented the recommendation by maintaining inventory control listings or obtaining an inventory tracking system. The Districts were provided with suggestions for improved inventory tracking procedures.

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# Audit Authority

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Title 29, Del. C. c. 29 authorizes the Auditor of Accounts to perform post audits of all the financial transactions of all State agencies. The law requires that the audits be made in conformity with generally accepted auditing principles and practices. Such principles and practices are established by two standard setting bodies: the American Institute of Certified Public Accountants, which has issued generally accepted auditing standards; and the U.S. General Accounting Office, which has issued generally accepted government auditing standards.

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# Background

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The Office of Auditor of Accounts issued a series of school district agreed-upon procedures reports from May 2004 through September 2004. The reports, issue dates, school districts, and charter schools with findings are as follows:

<b>Report Name</b>	<b>Issue Date</b>	<b>School Districts with Findings</b>
Student Accounting and Enrollment as of September 30, 2003	September 8, 2004	Academy of Dover Appoquinimink Campus Community Caesar Rodney Colonial Indian River Laurel Red Clay
Authorized Positions for the period June 1, 2002 through June 30, 2003	July 19, 2004	Brandywine Milford
Occupational-Vocational Unit Division II Funding for the period June 1, 2002 through June 30, 2003	May 11, 2004	Delmar Sussex Technical

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# Objective, Scope, and Methodology

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## **OBJECTIVE AND SCOPE**

The objective of the follow-up engagement was to determine whether adequate, effective, and timely action was taken toward the implementation of the recommendations related to the agreed-upon procedures completed in the following engagements:

- Student Accounting and Enrollment as of September 30, 2003
- Authorized Positions for the period July 1, 2002 through June 30, 2003
- Occupational-Vocational Unite Division II Funding for the period June 30, 2003

The scope of the follow-up engagement was limited to the findings and recommendations in the above aforementioned reports except for those findings and recommendations related to Christina School District. Our fieldwork was conducted from May 1, 2005 through June 23, 2005.

## **METHODOLOGY**

We conducted this engagement in accordance with generally accepted government auditing standards (GAGAS). Our procedures consisted of interviews and inquiry of key personnel; inspection and confirmation of documentation; observation of procedures; and performing tests of key controls when considered necessary.

# Status of Prior Year Findings and Recommendations

The following table summarizes prior year agreed-upon procedures findings, recommendations, management responses, and the results of the current year follow-up engagement for the *Student Accounting and Enrollment Report Agreed-Upon Procedures Report*, as of September 30, 2003.

Finding	Recommendation	Response	Current Year Status*
<p><i>Policies and Procedures</i></p> <p>Academy of Dover, Campus Community School, Indian River School District, and Laurel School District did not have in-house written procedures to ensure the accuracy of the September 30<sup>th</sup> student count.</p>	<p>Implement in-house written policies and procedures governing the preparation, review, and reporting of the September 30<sup>th</sup> student enrollment figures to DOE.</p>	<p>Will develop and implement in-house written policies and procedures.</p>	<p><u>Academy of Dover</u> Partially Implemented. The School developed in-house written policies and procedures; however, they were not sufficient to ensure the accuracy of the September 30<sup>th</sup> student count.</p> <p><u>Campus Community</u> Partially Implemented. The School developed in-house written policies and procedures; however, they were not sufficient to ensure the accuracy of the September 30<sup>th</sup> student count.</p> <p><u>Indian River</u> Implemented.</p> <p><u>Laurel</u> Implemented.</p>

# Status of Prior Year Findings and Recommendations

Finding	Recommendation	Response	Current Year Status *
<p>Caesar Rodney School District did not have district-wide policies and procedures governing the September 30<sup>th</sup> student count. Individual schools within the District maintained procedures regarding homeroom attendance, however these procedures were insufficient to ensure the accuracy of the September 30<sup>th</sup> student enrollment figures.</p>	<p>Develop District-wide written policies and procedures governing the preparation, review, and reporting of the September 30<sup>th</sup> student enrollment figures to DOE.</p>	<p>Will develop and implement District-wide written policies and procedures.</p>	<p>Implemented.</p>
<p>Appoquinimink School District implemented in-house written policies and procedures; however, these procedures were insufficient to ensure the accuracy of the September 30<sup>th</sup> student enrollment figures.</p>	<p>Revise written policies and procedures governing the preparation, review, and reporting of the September 30<sup>th</sup> student enrollment figures to DOE.</p>	<p>Developed and implemented revised in-house policies and procedures to ensure the accuracy of the unit count.</p>	<p>Partially Implemented. The District maintains in-house written policies and procedures; however, they were not sufficient to ensure the accuracy of the September 30<sup>th</sup> student count.</p>
<p>Red Clay Consolidated School District retained adequate written policies and procedures for preparing and reporting the September 30<sup>th</sup> student count. However, four schools within the District did not comply with the policies and procedures established by the District. A.I DuPont High School, Dickinson High School, the Community School, and the First State School did not sign required monthly verification reports for the month of September.</p>	<p>Comply with policies and procedures established by the District.</p>	<p>The District provided copies of the audit finding and recommendation to the Schools. The District performed unit count training to all principals and support staff. All Schools have been provided unit count training procedures and will be monitored throughout the count.</p>	<p>Partially implemented. Three homeroom verification reports did not contain the required signature and/or dates.</p>

# Status of Prior Year Findings and Recommendations

Finding	Recommendation	Response	Current Year Status*
<p><i>Regular Student Count</i></p> <p>One student at Campus Community School was not eligible to be included in the September 30<sup>th</sup> student count. This deduction did not result in the loss of any units.</p>	<p>Revise records and documentation to accurately reflect the enrollment figures to DOE.</p>	<p>Revised records to reflect adjustment enrollment figures.</p>	<p>Withdrawn. The submission of revised enrollment figures was determined to be unnecessary based on discussion with DOE.</p>
<p>Five students were disallowed from Laurel School District's regular student count, resulting in a loss of one unit valued at \$66,478.</p>	<p>Repay the \$66,478 to the State of Delaware.</p>	<p>The District will repay the State of Delaware.</p>	<p>Implemented.</p>
<p>Eleven students were not eligible to be included in the September 30<sup>th</sup> student count at Appoquinimink School District resulting in a loss of two units valued at \$130,068.</p>	<p>Repay \$130,068 to the State of Delaware.</p>	<p>The District will repay \$130,068 to the State of Delaware.</p>	<p>Partially implemented. The District has initiated repayment of the funds but the repayment has not yet been completed. It is the responsibility of the Department of Education (DOE) to determine whether the repayment was successful and fully implemented.</p>
<p>Six students were not eligible to be included in the September 30<sup>th</sup> regular student count at Indian River School District. No units were lost as a result.</p>	<p>Revise records and documentation to accurately reflect the correct enrollment figures.</p>	<p>Communicated the importance of accurate classification and reporting and will continue to work to ensure the accuracy of the September 30<sup>th</sup> unit count process.</p>	<p>Withdrawn. The submission of revised enrollment figures was determined to be unnecessary based on discussion with DOE.</p>

# Status of Prior Year Findings and Recommendations

Finding	Recommendation	Response	Current Year Status*
<p>Two students were not eligible to be included in the September 30<sup>th</sup> regular student count at Colonial School District. No units were lost as a result.</p>	<p>Revise September 30, 2003 regular education student count and provide a copy to DOE.</p>	<p>Agreed with the recommendation.</p>	<p>Implemented.</p>
<p>Nine students were not eligible to be included in the September 30<sup>th</sup> regular student count at Red Clay Consolidated School District. One part-time learning disability student was incorrectly reported as a full-time learning disability student. This adjustment resulted in the loss of one special education unit of funding.</p>	<p>Revise September 30, 2003 student count and provide a copy to DOE.</p>	<p>Will revise unit count.</p>	<p>Withdrawn. The submission of revised enrollment figures was determined to be unnecessary based on discussion with DOE.</p>
<p><i>Special Education Student Count</i></p>			
<p>Appoquinimink School District included five students in the special education student count that were not eligible to be included in the count. No units were lost.</p>	<p>Revise records to accurately reflect the correct number of students receiving special education services.</p>	<p>Will adjust records.</p>	<p>Withdrawn. The submission of revised enrollment figures was determined to be unnecessary based on discussion with DOE.</p>
<p>Four students at Indian River School District were not eligible to be included in the special education count resulting in a loss of one unit.</p>	<p>Repay \$53,650 to the State of Delaware.</p>	<p>Will use one unfilled Division I unit position to offset \$46,663 and the remaining \$6,987 will be repaid to the State of Delaware.</p>	<p>Partially implemented. The District repaid Division II and III funding. DOE accepted the unfilled Division I unit as repayment; however the District did not provide support of this unfilled unit. It is the responsibility of the Department of Education (DOE) to obtain the support.</p>

# Status of Prior Year Findings and Recommendations

Finding	Recommendation	Response	Current Year Status*
<p>One part-time learning disability student at Red Clay Consolidated School District was incorrectly reported as a full time learning disability student, resulting in the loss of one special education unit valued at \$56,658.</p>	<p>Repay the State of Delaware \$56,658.</p>	<p>Intend to pay the State of Delaware for funding lost as a result of the revised count.</p>	<p>Implemented.</p>
<p><i>Vocational-Technical Education Program</i></p>			
<p>Colonial School District submitted its Application to Maintain Currently Approved Career-Technical Programs seventeen days late.</p>	<p>Submit Application to Maintain Currently Approved Career-Technical Programs by the date established by DOE.</p>	<p>Disagreed with the recommendation.</p>	<p>Implemented. Submitted form by deadline in 2004</p>
<p>Two student Individualized Education Program (IEP) files at Laurel School District were not signed by a Career-Technical Teacher Coordinator. No impact on vocational education funding.</p>	<p>Comply with DOE directive requiring the Career-Technical Teacher Coordinator sign the IEP for any Cooperative Education (COOP) student receiving special education services.</p>	<p>Will comply with DOE requirements by having the Career-Technical Teacher Coordinator sign an IEP for any COOP student receiving special education services.</p>	<p>Implemented.</p>
<p>Four students at Caesar Rodney School District were disallowed due to a lack of records regarding quarterly visits made by the Career-Technical Teacher Coordinator. In addition, two of the four students did not have training agreements. There was no impact on funding.</p>	<p>Closely monitor and supervise the Cooperative Education Program to ensure effective operation and compliance with criteria relative to the Cooperative Education Program.</p>	<p>Addressed the finding with the School that generated the finding. Reviewed procedures with the School administration to ensure effective operation and compliance with Program criteria.</p>	<p>Implemented.</p>

# Status of Prior Year Findings and Recommendations

Finding	Recommendation	Response	Current Year Status*
<p>Seven students at Appoquimink School District were disallowed: six students had no record of quarterly visits and training agreements that were not signed by the Career-Technical Teacher Coordinator and one student's folder could not be located. This resulted in the loss of one unit.</p>	<p>Repay \$4,929 to the State of Delaware.</p>	<p>Will repay \$4,929 to the State of Delaware.</p>	<p>Partially implemented. The District has initiated repayment of the funds but the repayment has not yet been completed. It is the responsibility of the Department of Education (DOE) to determine whether the repayment was successful and fully implemented.</p>
<p>Three students were disallowed at the Indian River School District: the Career-Technical Teacher Coordinator did not sign one student's IEP; the Career-Technical Teacher Coordinator did not sign one student's application; and one student's file did not contain evidence of quarterly visits being made by the Career-Technical Teacher Coordinator. There was no impact on funding.</p>	<p>Comply with directive from DOE requiring IEP's to be signed. In addition, closely monitor and supervise the Cooperative Education program to ensure effective operation and compliance with criteria relative to the Program.</p>	<p>Conduct various training sessions placing emphasis on documentation procedures and verification efforts. Review responsibilities of staff.</p>	<p>Partially Implemented. The student applications and IEP's contained appropriate signatures. However, proper support for quarterly visits was not provided. The OAOA provided the District with a method to better track quarterly visits.</p>

# Status of Prior Year Findings and Recommendations

The following table summarizes prior year agreed-upon procedures findings, recommendations, management responses, and the results of the current year follow-up engagement for the *Statewide Authorized Positions Agreed-Upon Procedures Report*, for the period covering July 1, 2002 through June 30, 2003.

Finding	Recommendation	Response	Current Year Status*
<i>Paid Versus Authorized Positions</i>			
Millford School District was authorized to have 2.52 clerks. The District charged 3.00 clerks to the State's general fund, resulting in \$11,623 being incorrectly charged to the State's general fund. In addition, the District underfilled 40% of financial secretary and 8% of secretary positions resulting in realized State general fund savings of \$8,547.	The District and DOE meet to determine if repayment is necessary to the State of Delaware.	Disagreed with finding.	Implemented. The District contended that DOE's interpretation is that a District must charge at least 12% of its clerical units to the lowest pay grade classification of clerk. DOE agreed with this interpretation and did not require the District to repay funds.
<i>Payroll Review</i>			
Brandywine School District overpaid two teachers by the total amount of \$502.28.	Repay the State's general fund \$502.28.	Agreed with recommendation.	Implemented.

# Status of Prior Year Findings and Recommendations

The following table summarizes prior year agreed-upon procedures findings, recommendations, management responses, and the results of the current year follow-up engagement for the *Statewide Occupational-Vocational Unit Division II Funding Agreed-Upon Procedures Report*, for the period covering July 1, 2002 through June 30, 2003.

Line Item Accounts	Finding	Recommendation	Response	Current Year Status*
<i>Line Item Accounts</i>	Delmar School District did not establish an internal accounting system to properly account for occupational-vocational unit Division II funds allocated and disbursed at the school level.	Establish an internal system to properly account for occupational-vocational unit Division II funds allocated to each school.	Agreed with recommendation.	Partially Implemented. The District used DFMS and program codes to track expenditures but was unable to provide a running fund balance.
<i>Allocation to Schools</i>	Delmar School District could not provide evidence that the Division II funds were properly allocated to the middle and high schools. All expenditures were coded to the high school.	Properly allocate Division II funds to each school that generates the funds and implement a system for tracking program costs at the school level.	Agreed with recommendation and implemented corrective action.	Partially Implemented. The District used a percentage to allocate the funds. The OAOA recommends that the District allocate funds based on the actual funding as determined by DOE.
<i>Expenditure Documents</i>	Woodbridge School District expended \$236.92 more than it was entitled to spend for the middle school, depriving the high school of this amount.	Reimburse high school \$236.92.	Agreed with recommendation and implemented corrective action.	Implemented.
<i>Expenditure Documents</i>	Sussex Technical School District used \$1,912.62 of Division II funds to purchase a computer assigned to a District administrator.	Refund \$1,916.62 to the occupational-vocational unit Division II funds.	The purchase of the computer was coded to the wrong appropriation.	Implemented.

# Status of Prior Year Findings and Recommendations

Finding	Recommendation	Response	Current Year Status*
Delmar School District expended \$8,574 on goods and services that were not directly related to State approved vocational programs being administered by the District. Expenditures totaling \$16,461, however, were made from other appropriations that could be directly related to State approved vocational programs. No loss of funding.	Incorporate into its plan a schedule and a timetable for spending Division II funds. Comply with 14 Del. C., section 1706 and DOE directives. Monitor and provide oversight to functions and activities of the vocational programs.	Agreed with the finding and implemented corrective action.	Implemented.
<i>Inventory</i> Delmar School District did not have adequate inventory control records to properly monitor and safeguard assets purchased with Division II funds.	Strengthen inventory control procedures to ensure that all assets purchased are properly accounted for and safeguarded against waste, loss, unauthorized use, and misappropriation.	Agreed with recommendation and implemented corrective action.	Partially implemented. The District inventory control procedures but did not denote the assets purchased with Division II funds.
Woodbridge School District did not have an inventory control system to easily identify or locate assets purchased with Division II funds.	Establish and implement written inventory control policies and procedures.	Agreed with recommendation and implemented corrective action.	Partially implemented. The District has obtained an inventory tracking system and plans to fully implement it within six months.

**\* Status Key:**

- **Implemented:** The concern has been addressed by implementing the original or an alternate corrective action.
- **Not Implemented:** The corrective action has not been initiated.
- **Partially Implemented:** The corrective action has been initiated but is not complete and the auditor has reason to believe management fully intends to address the concern.
- **Withdrawn:** The concern no longer exists because of changes in processes and/or the auditor has reason to believe the issue is no longer relevant.

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# Distribution of Report

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Copies of this report have been distributed to the following public officials:

Executive Branch

The Honorable Ruth Ann Minner, Governor, State of Delaware  
The Honorable Richard S. Cordrey, Secretary, Department of Finance  
The Honorable Jennifer W. Davis, Budget Director, Office of the Budget

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of the Controller General

Other Elective Offices

The Honorable M. Jane Brady, Attorney General, Office of the Attorney General

Other

Dr. Joseph A. Pika, President, State Board of Education  
Ms. Dorcell S. Spence, Associate Secretary of Education, Finance and Administrative  
Services Branch, Department of Education  
Mr. Jerry Gallagher, Director, Financial Management, Department of Education  
Ms. Becki Surguy, Accountant V, Division of Accounting, Department of Finance

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